

From: Sammy Levis
Sent: Thursday, March 03, 2005 4:00 PM
To: Sonia Arroyo
Subject: Fw: According to the OCC, and 12 CFR Part 3, it appears to me that you are required to maintain capital

Give to DL

-----Original Message-----

From: Jay Cunningham <JCUNNING@hibernia.com>
To: Sammy Levis <Sammy.Levis@doralfinancial.com>
Sent: Thu Mar 03 10:47:46 2005
Subject: According to the OCC, and 12 CFR Part 3, it appears to me that you are required to maintain capital

According to the OCC, and 12 CFR Part 3, it appears to me that you are required to maintain capital at 1:1 for the portion of the IO that exceeds 25% of Tier I capital. Further, it can be argued that indeed you need 1:1 capital on the IO (per the OCC statement).

What level of recourse do you bear on these securitizations?

Can you send me documents related to recent securitizations. Are the IOs you book considered credit enhancing. What are the credit enhancements provided in the securitizations. It appears, as I have stated before, that you have about \$6 billion in supporting balances for the IO. It further appears that these would carry a 100% conversion factor. Can you please explain your 30% required capital answer further. I am rather convinced that you need 1:1. Therefore, I don't believe that your excess capital position is that large. Further, and assuming that you can have the margins you have stated, I believe you will need more equity in 2005.

Jay

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